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Payments NZ written response to the Finance and Expenditure Committee

14 August 2026

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Contents

Introduction

1. Payments NZ Ltd (Payments NZ) welcomes the opportunity to respond to the Finance and Expenditure Committee's July 2026 written questions as part of the inquiry into banking competition.

2. This response primarily provides an update on Payments NZ's governance review, as requested by the Committee.

3. It also offers supplementary observations on open banking implementation and future payments capability, reflecting Payments NZ's role in system governance, managing rules and standards and supporting coordination across Aotearoa New Zealand's payments ecosystem.

About Payments NZ

4. Payments NZ plays a central system governance role in the payments ecosystem of Aotearoa. We govern core clearing system arrangements, rules and standards, and coordinate industry change to enable payment systems that are safe, efficient, open, innovative and interoperable.

5. The systems we govern support the movement of significant value across the economy and are an important part of the nation's financial system infrastructure.

6. Payments NZ submits that Aotearoa achieves the best outcomes when policy ambition and regulation are matched with coordinated industry delivery.

Update on Payments NZ's governance review

7. The Committee has asked Payments NZ to provide an update on our governance review. Payments NZ has made tangible progress.

8. At our 2026 Annual General Meeting, Payments NZ shareholders supported the next phase of the Governance Programme, including an independent review of Payments NZ's role, mandate and governance arrangements.

9. Since then, the Board has approved the review's Terms of Reference, undertaken a request for proposals process and received responses from suitably qualified independent providers.

10. Payments NZ is in the final stages of completing due diligence before confirming the independent reviewer.

11. The review reflects the Board's commitment to effective governance and continuous stewardship in a rapidly evolving environment.

Scope of the governance review

12. The review will independently assess whether Payments NZ's role, governance arrangements and participant representation remain fit for purpose as the payments ecosystem evolves. Drawing on engagement across the payments system, it will make recommendations on how Payments NZ can continue to support a safe, efficient, transparent and inclusive ecosystem.

13. The review reflects the significant evolution underway across the payments ecosystem, including the transition of open banking to a regulated framework, the next phase of payments modernisation, evolving participant models, and increased regulatory focus on competition, resilience and innovation.

14. The Board considers that review is an important stewardship exercise. Open banking is moving from industry establishment to a framework regulated by the

Ministry of Business, Innovation & Employment - Hīkina Whakatutuki (MBIE), while industry and regulators are progressing the next phase of payments modernisation.

15. Payments NZ's multi-tiered governance model has played a crucial role in bringing together participants responsible for the operation and evolution of the core payment systems of Aotearoa. As participation models evolve and the payments ecosystem becomes more diverse, it is appropriate that our governance arrangements evolve alongside it.

16. At the same time, Payments NZ continues to govern core clearing system arrangements, rules and standards that support the operation and evolution of the country's payments infrastructure. As this environment evolves, the Board considers it prudent to test whether those arrangements remain fit for purpose for the future.

17. The review will be conducted independently and its findings and recommendations are not predetermined.

18. Payments NZ expects to receive the reviewer's recommendations before the end of 2026 and will ensure that stakeholders, including the Committee, are updated on the review's outcomes.

Supplementary views

19. Questions 1 and 4 relate to open banking readiness, standards and implementation. From a stewardship perspective, Payments NZ considers it important to provide the Committee with a perspective on the questions relating to open banking and future payments capability.

Open banking: from establishment to adoption

20. The API Centre established the standards, infrastructure, tooling, implementation

support, partnering framework and industry coordination needed to bring standardised open banking to life ahead of Customer and Product Data designation. As a result, standardised open banking services were already operating before the introduction of the Customer and Product Data regime, meaning Aotearoa entered the regulated open banking era with substantial foundations already in place.

21. Through its API Centre, Payments NZ has worked since 2019 with banks, fintechs and payment service providers to operate as an industry standards body to develop the standards, governance, partnering arrangements and operational capability that underpin secure data sharing and API enabled payment initiation services in Aotearoa.

22. These foundations informed the transition to the regulated open banking regime under the Customer and Product Data Act 2025 and now support participating banks in implementing their open banking obligations.

23. Open banking adoption by our API Centre Standards Users continues to grow, with more than 362,000 open banking payments completed in June 2026, representing 19% month-on-month growth. The total value of API Centre enabled open banking payments exceeded NZ$100 million in June 2026, while nearly 200,000 customers had authorised at least one open banking payment.

24. Early adoption indicators suggest Aotearoa has moved beyond establishment and into an acceleration phase. On comparable early-stage measures, adoption is accelerating more rapidly than observed in the United Kingdom and Australia at similar stages of market development.

25. The API Centre demonstrates how industry-led coordination can accelerate innovation and competition while delivering consistent standards, interoperability and trust across the ecosystem. Its approach to open banking implementation has also received international recognition through industry awards for "Outstanding

Payments Industry Collaboration" and has been referenced internationally as a leading example of open banking implementation.

26. The foundations established through the API Centre enabled Aotearoa to enter the regulated open banking environment from a position of practical implementation experience rather than theoretical design alone.

27. Payments NZ's experience demonstrates the value of industry-led standards development in supporting competition, interoperability and trusted participation at ecosystem scale.

28. As responsibility increasingly shifts to the Customer Data Right framework and implementation progresses, it will be important to maintain interoperability, minimise duplication, and support effective coordination across the wider payments ecosystem.

29. Regardless of form, our commitment to supporting industry coordination, interoperability and the future development of our country's payments ecosystem remains unchanged.

Future payments capability and real-time payments

30. Question 5 asks whether current real-time payments technology is safe and comparable with approaches adopted in other jurisdictions.

31. Feedback received through our Payments for the Next Generation consultation highlighted strong support for making payments safer and identified fraud prevention as a key consideration in the design of future payments capability.

32. Stakeholders also recognised the value of coordinated approaches to fraud prevention as payments become faster and more connected.

33. While global experience shows that faster payments can deliver significant benefits, safety and trust must be designed in from the outset.

34. As payments become faster and more connected, effective fraud controls, customer protections, operational resilience and clear governance arrangements become increasingly important.

35. Aotearoa has strong foundations on which to build, including trusted payments infrastructure, established open banking capability, common standards, efficient clearing systems and strong industry collaboration.

36. The payments regulatory framework of Aotearoa has evolved through a combination of legislation, industry rules, technical standards and market practice. While this has enabled innovation and system development, the framework is now increasingly difficult to navigate and does not fully reflect how modern payment services operate.

37. Payments NZ supports efforts to improve clarity, consistency and outcomes across the payments regulatory framework of Aotearoa.

38. As outlined in our submission on payments services regulation, the current framework has evolved over time through legislation, industry rules, technical standards and market practice. While this has supported innovation and system development, it is increasingly fragmented and can be difficult to navigate. Any future reforms should seek to simplify, align and streamline existing settings wherever possible.

39. Whatever future capabilities are pursued, success will depend on clear policy settings, strong consumer trust, effective fraud protections and coordinated industry delivery.

Closing commitment

40. For 15 years, Payments NZ has sat at the intersection of industry, government, and consumers, and is now supporting the safe movement of $8.6 trillion of payments annually across Aotearoa.

41. As consumer expectations continue to evolve, maintaining trust in the payments system will require ongoing collaboration between industry, regulators, government and consumer representatives.

42. Payments NZ remains committed to helping deliver world-class payments for Aotearoa through effective system governance, industry coordination, interoperability and practical delivery.

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